

# **REVIEW OF THE EPA IRON AND STEEL LIAISON**

## **Purpose**

The purpose of this evaluation is to (1) assess the effectiveness of the Iron and Steel Liaisons in EPA Headquarters and EPA Region 5, (2) assess the potential applicability to other sectors and identify factors that indicate a need for a liaison in a sector, and (3) document procedures that were effective for the Iron and Steel Liaison that could be used in establishing similar liaison positions in other sectors. The evaluation was conducted by an outside third party, The Scientific Consulting Group, Inc. Information for the evaluation was gathered through interviews with the two liaisons as well as Iron and Steel sector stakeholders (see attached list of interviewees).

## **Background**

In 1997, EPA established Liaisons for the Iron and Steel sector within Headquarters (Office of Reinvention) and Region 5. (Region 5 has the largest percentage of the Iron and Steel industry in the United States.) This was based on a recommendation from the Iron and Steel Subcommittee to the Common Sense Initiative Council. The Subcommittee developed this recommendation to address the difficulty experienced by stakeholders in obtaining cross-media and cross-state information on the very complex processes and regulations involved in the Iron and Steel industry.

The Subcommittee recommendation addressed the functions that the Liaisons should perform and the characteristics that the individuals filling the Liaison positions should possess. To summarize, the Subcommittee recommended that the Liaisons should work with all Iron and Steel stakeholders and respond equitably to all good ideas put forth, regardless of the source. More specifically, the Subcommittee recommended that the Liaisons should:

- Investigate regulations that appear to be inconsistent or inefficient,
- Communicate information of interest to the sector, and
- Transfer information about and advocate the use of innovative technology.

The Subcommittee recommended that the individuals selected to fill the Liaison positions should be senior level personnel with strong communications skills and strong knowledge of the industry, its technical issues, and its regulations as well as strong knowledge of EPA and other regulatory agencies. The complete recommendation is appended to this report.

## **Findings**

***Scope of Activities.*** In general, the Liaisons in Headquarters and Region 5 perform similar functions that correspond to the Subcommittee recommendations: answering questions, facilitating communications, providing information, and prodding the Agency bureaucracy to get things done. The Liaisons explain industry perspectives to EPA and EPA perspectives to industry. They also explain technical information and complex regulations to interested stakeholders. They are particularly needed when cross-media issues are involved. Both Liaisons carefully walk a fine line between “articulating” or explaining various perspectives, which *is* part

of their jobs, and “advocating” a particular perspective, which is *not* part of their jobs. Interviewees from industry and environmental groups praised the two current Liaisons for their objectivity, neutrality, and skill in walking this line.

The Liaisons respond to questions and requests from stakeholders rather than pursuing their own agendas. They do not have a set of procedures or an overall strategy for raising or addressing issues, or communicating with stakeholders.

The roles of the two Liaisons differ slightly due to their placement – in general, the Headquarters Liaison handles issues that need resolution at a national level while the Regional Liaison handles facility issues, questions from state or local agencies and EPA Regional Offices, and issues that can be resolved at a regional, state, or local level. The two positions have developed, to some extent, out of the experience of the individuals filling them. Specifically, the Liaisons list the following elements of their roles (not in order of importance):

- ◆ Provide information to and answer questions from:
  - *Industry*: although companies generally go first to their trade associations and the associations generally go directly to the relevant EPA program office – they contact the Liaisons if these initial efforts result in what they believe to be unreasonable responses.
  - *State or local agencies and other EPA Regional Offices*: since these organizations do not regulate a sufficient number of steel mills to retain a “steel expert” on their own staffs.
  - *Environmental groups, environmental justice groups, and community groups*: Since these groups generally do not have a staff “steel expert” this can include explanations of technical information as well as assistance on how and where to obtain information.
- ◆ Find the right sources of information in multiple program offices and sorting through voluminous information to help find the relevant material. It also includes obtaining clarifications of rules.
- ◆ “Nag” or “prod” the Agency bureaucracy to make things happen; since EPA staff face many mandated deadlines, it is difficult to keep non-mandated issues at the forefront. The Liaisons help to keep these issues on the Agency’s agenda.
- ◆ Facilitate communication and present various perspectives in an empathetic, non-threatening manner, including (1) presenting Agency policies and positions to industry; (2) presenting industry issues or concerns to EPA; (3) presenting industry perspectives to other stakeholders, such as environmental groups; and (4) presenting other stakeholder positions to industry. In this process, the Liaison must avoid the appearance of advocating or lobbying for the industry position.
- ◆ Helping to resolve differences among EPA, other regulators, industry, and other stakeholders. The Liaisons are useful in resolving differences in interpretation of

regulations among industry and regulators, and in resolving apparent conflicts among different program regulations. The Liaisons obtain clarifications of the regulations and facilitate communication of different positions. In some cases, the Liaison will elevate the issue to the appropriate decision maker so that action can be taken.

- ◆ Provide technical expertise. For example, the Region 5 Liaison has reviewed materials developed by environmental groups to explain the steel industry to communities. Since he is viewed as an independent party, his comments are viewed as unbiased and credible.

Industry representatives described the roles of the Liaisons to include the following:

- ◆ Provide a single point of contact, particularly for cross-media issues.
- ◆ Clarify rules, either formally through a letter determination or informally. This is important because industry perceives that different EPA offices often say different things.
- ◆ Facilitate communication and understanding among various parties. The Liaison provides a vehicle for frank discussion to increase understanding of various positions on an issue and to raise various alternatives for consideration.
- ◆ Create a forum for companies to express their positions.
- ◆ Listen to issues and sift through the information to determine what it means. When the Liaison presents information to EPA, industry, or other stakeholders, it is credible.
- ◆ Assist in explaining the industry perspective to other stakeholders in an objective, credible manner. The Liaisons have helped to enhance the knowledge base of various stakeholders so that their participation can be more informed and effective.
- ◆ Keep issues in front of the Agency and raise to a higher level when necessary to get action.

Environmental group representatives cited many of the same elements to the Liaisons' role:

- ◆ Serve as advocates for "getting things done" and for getting information to those who need it.
- ◆ Provide technical information that is clear, understandable, and credible.
- ◆ Provide assistance in interpreting information and using databases.
- ◆ Review materials prepared by stakeholders for accuracy (e.g., materials for community on the industry prepared by two environmental organizations).
- ◆ Facilitate discussion on specific issues, making sure that all relevant stakeholders are brought into the process (Liaisons call environmental representatives to discuss issues and ask who else should be brought into the discussion).
- ◆ Notifying stakeholders of impending actions or proposals by another stakeholder group, and obtaining their input.

Environmental representatives said that the Liaisons had been very helpful and continue to be. They praised the current Liaisons for maintaining their objectivity and for serving as facilitators of information transfer rather than as advocates of specific positions. They believe that the Liaisons have increased opportunities for participation significantly.

**Outreach.** Neither of the Liaisons has conducted outreach or had to market this service. They have relied on the network established through the CSI Iron and Steel Subcommittee to notify relevant stakeholders of the Liaison services.

Environmental representatives said that additional outreach and marketing would be beneficial. They noted that there is a small core of activists who are aware of the Liaison through their CSI experience, but that others, particularly at the community level, might find the service useful if they knew about it. One interviewee suggested that published notices of upcoming rulemakings could refer to the Liaison, if one existed for the sector, and that States could mention the Liaison when they advertise permit changes. In both cases, community groups that might be affected would be able to contact the Liaison for assistance in obtaining and understanding information. This could significantly enhance the quality of stakeholder participation in these processes. Another interviewee suggested that a toll-free number would be helpful, since some community groups and individuals cannot afford the long-distance calls that are required to reach the Liaisons in Washington, DC or Chicago, IL (a single toll-free number with an automated menu could be used for all Liaisons, if EPA establishes additional positions). Several noted that broader outreach should not be based solely on the Internet; they noted that not all interested community groups and individuals have Internet access.

**Benefits and Value.** The benefits and value of the Liaison function include the following:

- ◆ Providing expertise on a particular industry and its regulations in a cost-effective manner. EPA Program Offices and Regional Offices, state and local regulatory agencies, environmental and community groups, and other stakeholders cannot support individuals with expertise in all of the industry sectors that are relevant to their work. For example, all EPA regions and most states contain at least one steel mill, but probably very few such facilities, except in Region 5. It would not be cost-effective to support a staff expert on this industry in each Regional Office or state agency.
- ◆ Getting issues resolved, by keeping issues in front of decision makers, streamlining the decision making process, and raising issues to a higher level if needed. When there is significant turnover among EPA and state/local agency staff, the need for this ongoing function becomes more important.
- ◆ Providing a single point of contact so that stakeholders can obtain useful, responsive information, and helping stakeholders understand this information. In many cases, providing “access” to information is not enough; stakeholders need assistance in interpreting the information and applying it to the issue at hand. For community groups and individuals, this can be significant; individuals can be discouraged from obtaining information by being passed from one person to another to yet another, and incurring long-distance telephone charges in the process.
- ◆ Enhancing the quality of stakeholder input, based on better understanding of issues and better access to information. Further, because the Liaisons view *balanced* stakeholder involvement as part of their jobs, they check with various parties to make sure they have heard all sides of an issue or that all parties have an opportunity to voice their positions.

- ◆ Enabling cross-program, multi-media issues, including conflicting policies and regulations, to be raised by stakeholders and addressed by EPA decision makers. There are few opportunities within EPA for this to occur.
- ◆ Reducing animosity among stakeholders through clarification and understanding of various perspectives and reasons underlying these perspectives. Even if an Agency position is not changed by the intervention of the Liaison, stakeholders develop a better understanding of the reasons for the action. In addition, environmental and community stakeholders develop a better understanding of why the industry is taking a particular position and the industry can develop a better understanding of environmental group and community concerns.
- ◆ Articulation of Agency positions to industry from someone credible to the industry. By establishing credibility and a track record with the industry and participating in their meetings, the Liaison can articulate Agency policy and positions in a way that industry listens to and understands.

Examples of cases where the Liaisons made a difference include the following – in most cases, the work involved both of the Liaisons, although one might have taken the lead for a particular effort:

- ◆ The Liaison responded to concerns from industry about a Resource Conservation and Recovery Act (RCRA) requirement that storage silos for baghouse dust from electric arc furnaces be considered “tanks” that were subject to secondary containment requirements.<sup>1</sup> (Storage silos were introduced to reduce the number of times per week that the dust had to be hauled away from the facility for disposal.) The industry position was that the requirement for secondary containment did not make sense and that it was unnecessary for these storage silos. The Liaison facilitated communication on the issue and EPA modified its position. This resulted in elimination of an unnecessary burden on industry and it also won an environmental result, since less frequent hauling of dust produces less pollution and less risk.
- ◆ The Liaison facilitated discussion between a local permitting agency and a facility that wanted to replace existing equipment and processes with new equipment and processes, but was concerned about the additional regulations that would be triggered. The Liaison coordinated discussions to develop a win-win solution that included regulatory flexibility for the new equipment and processes as well as an overall emissions reduction for the facility as a whole.

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<sup>1</sup>Storage silos are buildings/containers used to store dust from the baghouses. Baghouses are control devices used to capture particulate air emissions; the baghouses are cleaned and the captured material must be disposed of. Secondary containment requirements are intended to prevent a spill if the primary container (e.g., the storage silo) leaks or fails.

- ◆ The Liaison responded to a concern from industry about conflicting requirements in New Source Performance Standards (NSPS) under the Clean Air Act and tax law. There is a dollar threshold that is used to trigger NSPS, but if a region uses the depreciated value of equipment to calculate the threshold ratio, almost any investment could trigger NSPS. The Liaison was able to get EPA to issue a letter determination to the Regional Offices indicating that they should not use the depreciated value in this calculation.
- ◆ The Liaison provided information to community groups that was useful to them in formulating their position on a State of Indiana rulemaking on VOC emissions from sintering plants. Community representatives developed a greater understanding of the differences among plants and their control technologies and also learned about the upcoming MACT standard. This enabled them to participate more effectively in the rulemaking process and develop a position that was more realistic. They were able to get a rule passed that should make a difference in air quality and did not require industry to make costly changes now and again when the MACT is promulgated.

One industry representative said that in establishing the Liaison, EPA provided industry and other stakeholders with an excellent opportunity, but that industry has not been using it enough.

**Costs.** The Headquarters Liaison spends approximately one-quarter of his time on Liaison activities. The Region 5 Liaison is on a detail to spend 100% of his time on Liaison activities, although he continues to spend a small amount of time on responsibilities that are ongoing in his previous position.

**Similar Positions and Functions.** Industry representatives said that the Liaisons differ from a trade association representative in several important ways. First, the Liaison is viewed as an objective party, not as an industry advocate; this provides greater credibility. Second, the current Liaisons have more expertise and field experience than many Washington trade association representatives; as a result, they can provide information and explain technical matters more effectively. Third, the Liaisons are inside the Agency in a cross-media office and have more ready access to Agency managers; outsiders are not as aware of cross-media issues. Fourth, the Liaisons look for win-win solutions – since they do not represent any of the interests involved, they can develop solutions that might not be proposed by any one party.

The Liaisons also differ from Ombudsmen – the role of the Ombudsman generally includes investigation of complaints and development of recommendations for resolving the complaint. Through the investigation, the Ombudsman decides on a preferred course of action and becomes an advocate for that course. For example, EPA has an Ombudsman in the Office of Solid Waste and Emergency Response.<sup>2</sup> His office, which includes four staff, investigates complaints about environmental hazards, develops recommendations, and presents these recommendations to appropriate EPA decision makers. The current Ombudsman, Robert J. Martin, defines his job by its Swedish origins: “In Sweden centuries ago, there was a person who stood between the king

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<sup>2</sup>See “EPA’s Quiet Man in the Middle; Watchdog Group Honors Ombudsman for Being Public’s Voice,” *Washington Post*, December 8, 1998, page A19.

and the governed. Any person could go to the ombudsman with any grievance and ask the ombudsman to make a case to the king.” Although the job can involve mediation, it is more likely to involve an investigation followed by recommendations. EPA also has a Small Business Ombudsman who provides a convenient way for small businesses to access EPA, facilitates communications between the small business community and EPA, investigates and resolves disputes with EPA, and works with EPA personnel to increase their understanding of small businesses in the development and enforcement of environmental regulations.<sup>3</sup>

***Potential Applicability to Other Sectors.*** Although a unique set of circumstances surrounded the implementation of the Iron and Steel Liaison, it should be possible to apply this concept in other sectors. It will be important to identify those factors that contributed to the success of the Iron and Steel Liaison and then to determine whether they can be replicated or adapted in other candidate sectors.

The interviewees said that they believed this concept should be expanded to other sectors. To increase the likelihood of success, they suggested the following:

- ◆ Starting “cold” would be very difficult; a formal process such as the CSI Subcommittees or a discussion group in a program office is needed to “kick start” the process. This provides an initial group with whom the Liaison can interact and begins to establish the Liaison’s credibility.
- ◆ Some form of outreach is needed to ensure that people know about the Liaison and the services available. Even when there is a process, such as CSI, that notifies core stakeholders about the Liaison, further outreach is needed to reach those who did not participate in this process. This is particularly true for reaching community groups and industry sectors that contain many small businesses that are not members of an association.
- ◆ More homogeneous sectors are more appropriate and would be easier for the Liaison to work with (electronics or printing were suggested as examples of appropriate sectors).
- ◆ Industries that have important, contentious issues, particularly multi-media issues, are more appropriate.
- ◆ Industries that are subject to numerous regulations in all media are most in need of a Liaison to help them and other stakeholders understand and resolve conflicting regulations. Industries that face upcoming regulatory changes are most appropriate since this situation creates controversy and contention.
- ◆ Industries that are widely dispersed, in all Regions and most states rather than concentrated in a few locations, are more likely to need a Liaison to provide expertise since there would not be a sufficient concentration in most of these areas to make it cost-

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<sup>3</sup>See the *Small Business Ombudsman Update Newsletter* published by EPA.



effective to have a resident expert on the industry. The Liaison can be a more efficient way to provide needed expertise. The pattern of concentration of the industry is relevant also to the placement of the Liaison.

- ◆ Industries that have complex processes with unique pollution prevention opportunities are more appropriate, since these industries are most difficult for environmental groups, environmental justice groups, and community groups to understand.
- ◆ Strength of the trade association is not a relevant factor, since (1) trade associations often do not represent all companies within an industry, and (2) non-industry stakeholders are not represented. They tend to advocate only the industry position and have no obligation to gain a balanced set of views.
- ◆ EPA needs to demonstrate that the Liaison can make a difference – if EPA makes a commitment to the Liaison and the Liaison communicates this to stakeholders, it damages the Liaison's credibility if EPA does not live up to the commitment.
- ◆ The individual selected for the Liaison position is critical – the person should be very knowledgeable about the industry and its regulations, be familiar with all EPA programs and well-connected within the Agency, have good communications skills, have good judgement and objectivity that inspires credibility, and have the creativity to come up with win-win solutions.
- ◆ The Liaison cannot also be an “ombudsman.” If they are not consistently viewed as an independent third party, they will lose effectiveness.
- ◆ Although it might not be essential to have a Headquarters Liaison and a Regional Liaison, there are several benefits to this arrangement, instead of having one individual in the position. First, it will be difficult to find one individual who possesses all of the characteristics that are important for success. By identifying two individuals, it might be possible to obtain more of the characteristics. For example, one individual might have more skill in communications and getting things accomplished within the EPA bureaucracy, while another might have more technical expertise. Or, the two individuals might specialize in two different program areas (air, water, solid waste, toxics) to enhance their ability to work on cross-media issues. Further, the types of issues that are addressed at the Headquarters level and the Regional level are different and it would be useful to have someone at each level.
- ◆ Most EPA staff specialize in one program area, which is a disadvantage for the Liaison or anyone who is asked to operate in a cross-media or multi-media context. One interviewee suggested that it would be helpful to have a multi-media team working with the Liaison; another suggested that the Liaisons should be provided a detail or some other mechanism to get experience in various programs.
- ◆ A new Liaison should prepare a strategy, with goals, a plan, and measures of success (this suggestion came from one industry representative). This plan should include how they

will represent industry positions and what processes will be used to communicate with industry, how they will involve other stakeholders, and how they will participate with industry and stay up-to-speed on critical issues.

One of the Liaisons stated that the single most important factor in success of a Liaison was that EPA must want results – the Liaison provides a mechanism to help get things done, but the Agency needs to commit to moving things forward for that sector.

### **Summary of Lessons Learned and Recommendations**

The following are lessons learned from the information gathered in this study and recommendations based on those lessons.

- ◆ The Liaison concept has been useful in the Iron and Steel sector and probably would be useful in other sectors. EPA should consider establishing Liaisons for additional sectors in FY1999. Important criteria for selecting these sectors include the following:
  - Level of interest among industry, state/local agency, and NGO stakeholders
  - Importance and nature of issues/problems related to the sector (issues/problems should be important to the environment, cross-media, relatively complex, contentious or controversial)
  - Nature of regulatory climate (sector should be highly regulated, regulations should be complex and difficult to comprehend), particularly if there are upcoming changes in regulations
  - Geographic distribution of industry (geographically dispersed rather than concentrated industries are most appropriate)
- ◆ There are advantages to having Liaisons both in Headquarters and a Regional Office, but this might not be possible. Factors that affect the placement of the Liaison including the following:
  - Type of issues/problems anticipated and locus of decision making for resolving these issues/problems (national only, regional/local only, or a combination)
  - Location of facilities in the sector and affected communities
  - Location of individuals with portions or all of the required expertise
- ◆ The individuals who fill the Liaison positions are critical and must be selected carefully. Criteria for selecting these individuals include the following:
  - Expertise and experience with the industry sector
  - Expertise, experience, and connections within EPA
  - Skills in communications and conflict resolution
  - Creativity and innovativeness in developing solutions to problems
  - Objectivity and desire to find win-win solutions
  - Judgement
  - Existing credibility with all stakeholders, if possible.
- ◆ Involving stakeholders in a structured process prior to establishing the Liaison is useful in determining interest, identifying potential candidates for the Liaison position(s) and

special skills that might be needed, and notifying the stakeholders of the role of the Liaison. This process could be used to outline a strategy for outreach, responding to issues, etc.

- ◆ Outreach strategies are needed to let potential stakeholders know about the Liaisons and the services and assistance they can provide. The CSI Subcommittee process provided the Iron and Steel Liaisons with visibility so no outreach was conducted, but a similar forum might not exist for new sectors. Several methods should be used to “get the word out” to potential stakeholders – the Internet is one method, but others are also needed.
- ◆ Liaisons should document their activities in a way that could be shared with others and measure their success. The Liaison function is still in its experimental stages and should be viewed as a learning situation. By requiring the Liaisons to develop success measures and actively measure their success, it builds the need for measurable results into their jobs and eliminates the need for outside parties to conduct the assessment. These performance measures should include, at a minimum:
  - Descriptions of activities (process measures)
  - Benefits to industry and other stakeholders (institutional change measures, outcome measures)
  - Benefits (or potential benefits) to the environment (environmental results measures)

In summary, the Iron and Steel Liaisons have filled needs of many stakeholders and have enhanced communication within the sector. They have provided an invaluable information function, assisting stakeholders in obtaining information they need, and in interpreting and applying the information. They have increased opportunities for stakeholder involvement and, in many cases, have enhanced the quality of that involvement through better understanding. The Liaisons have also enhanced the responsiveness of EPA bureaucracy – by cutting through red tape and keeping issues in front of the responsible decision makers.

## **INTERVIEWEES**

### **Iron and Steel Liaisons**

William Sonntag  
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U.S. EPA, Office of Reinvention

Ed Wojciechowski  
Regional Iron and Steel Liaison  
U.S. EPA, Region 5

### **Industry Representatives**

Michael Peters  
Vice President, Manager Environment  
SMI-Texas

William Riley  
General Manager, Environmental Affairs  
Bethlehem Steel

Bruce Steiner  
Vice President, Environment and Energy  
American Iron and Steel Institute

### **Other Stakeholder Representatives**

Dorreen Carey  
Environmental Coordinator  
City of Gary, Indiana

Charlotte Read  
Assistant Director  
Save the Dunes Council

Velma Smith  
Friends of the Earth